

WASHINGTON METROPOLITAN AREA TRANSIT COMMISSION

WASHINGTON, D. C.

ORDER NO. 1318

IN THE MATTER OF:

Application of THE GRAY LINE,) Served April 11, 1974
 INC., for Authority to Increase)
 Fares.) Application No. 833
)
) Docket No. 263

On March 25, 1974, The Gray Line, Inc., (Gray Line), filed proposed WMATC Tariff No. 5 and WMATC Tariff No. 6 which would cancel its current WMATC Tariff No. 4 and, effective April 27, 1974, increase the fares for service provided pursuant to Certificate of Public Convenience and Necessity No. 12. The proposed WMATC Tariff No. 5 names per capita fares for passengers, during the officially scheduled racing season, between Washington, D. C., and specified race tracks in Maryland. The proposed WMATC Tariff No. 6 sets forth rules, regulations and fares governing charter operations and special operations on round trip sightseeing or pleasure tours.

Analyses of the proposed changes in the tariff structure are shown in tables listing the current rates, proposed rates, and percentage increase. The tables illustrate that Gray Line's proposed tariffs would increase rates by percentages ranging between a low of 5.1 percent and a high of 37.5 percent, as follows:

TABLE I

RACETRACK FARES (ROUND TRIP)

<u>BETWEEN WASHINGTON, D.C.</u> <u>AND</u>	<u>PRESENT</u> <u>FARE</u>	<u>PROPOSED</u> <u>FARE</u>	<u>% OF</u> <u>INCREASE</u>
BOWIE	\$ 2.75	\$ 3.00	9.1
LAUREL	\$ 2.75	\$ 3.00	9.1
LAUREL RACEWAY	\$ 2.75	\$ 3.00	9.1

TABLE II

CHARTER OPERATIONS

<u>REGULAR</u>	<u>PRESENT FARE</u>	<u>PROPOSED FARE</u>	<u>% OF INCREASE</u>
HOURLY RATE:			
38-43 pass.	\$ 14.00	\$ 16.50	17.9
44-49 pass.	\$ 15.00	\$ 19.00	26.7
53 pass.	\$ 16.00	\$ 22.00	37.5
MILEAGE RATE:			
38-43 pass.	\$ 0.75	\$ 0.90	20.0
44-49 pass.	\$ 0.80	\$ 0.95	18.7
53 pass.	\$ 0.85	\$ 1.00	17.6
TRANSFERS ONLY --			
<u>MINIMUM 25 PERSONS</u>			
Transfer between Washington National Airport (one-way) per coach	\$ 43.75	\$ 46.00	5.1
Transfer between any two points in down- town Washington, D. C. (one-way) per coach			
38-43 pass.		\$ 38.00	
44-49 pass.	\$ 36.00	\$ 42.00	16.7
53 pass.		\$ 44.00	
<u>GROUP SIGHTSEEING</u>			
38-43 pass.		\$ 19.00	
44-49 pass.	\$ 19.00	\$ 21.50	13.2
53 pass.		\$ 24.50	

TABLE III
SPECIAL OPERATIONS

SIGHTSEEING OR PLEASURE TOURS
(ROUND TRIP)

<u>TOUR</u>	<u>PRESENT FARES</u>	<u>PROPOSED FARES</u>	<u>% OF INCREASE</u>
ALL DAY DELUXE	\$ 21.00	\$ 23.00	9.5
INTERIOR OF PUBLIC BLDG.	\$ 9.00	\$ 10.00	11.1
D.C. & ARLINGTON NAT'L CEMETERY	\$ 8.00	\$ 10.00	25.0
MT.VERNON & ALEXANDRIA, VA.	\$ 10.00	\$ 11.00	10.0
EMBASSIES & CHURCHES	\$ 9.00	\$ 10.00	11.1
NITE TOUR-D.C.	\$ 9.00	\$ 10.00	11.1

In support of its application for approval of the proposed tariff structures, Gray Line submitted several exhibits. Exhibit A is a balance sheet of the carrier as of December 31, 1973. Exhibit B reflects the operating revenues and expenses for the historical period, calendar year 1973, and, assuming no increase or decrease in the number of passengers or groups transported, projects revenues and expenses for the rate year designated May 1, 1974, through April 30, 1975. Exhibit C reflects the number of per capita sightseeing passengers and race track passengers and the average fare under the current tariffs and under the proposed tariffs. Exhibit D shows the operating expenses for the historical period and, as projected, for the future annual period. A driver's wage schedule for the period April 1, 1972, through February 15, 1975, is contained in Exhibit E and a schedule of diesel fuel costs during the period January, 1973, through February, 1974, is set forth in Exhibit F. Exhibits G, H and I depict the current charges and fares and the proposed charges and fares. A roster of the revenue equipment as of February 28, 1974, is contained in Exhibit J.

Gray Line submits that its proposal of increases are reasonable and just and consistent with the provisions of the Compact. The decision that a proposed rate structure is

reasonable and just involves a finding that the carrier's operating revenues under its current tariff are not sufficient to enable it, under honest, economical, and efficient management, to provide adequate and efficient transportation service to the public at the lowest cost consistent with the furnishing of such service. This finding necessarily involves the projection of costs and revenues for the future annual period. The Commission is unable to determine on the record before it whether each of the projections of cost and revenues made by Gray Line is based on reasonable and valid assumptions.

Gray Line has projected a 17.8 percent increase in driver's wages. The proposed increase gives effect to an anticipated 10.6 percent labor contract increase. Part of the labor cost increase is attributed to cost-of-living allowances pursuant to a labor contract and part is attributed to scheduled labor contract increases. The labor contract has not been submitted as a supporting document and the Commission is unable to determine the validity of these projections. Moreover, the 10.6 percent increase is based on an average rate during the year ending February 15, 1973, of \$4.948 per hour. However, the average rate for the historical period was \$5.3125 per hour.

A derivative expense of the drivers' wages is the payroll related items expense. Gray Line submits that this expense would increase by 13.5 percent as a result of increases primarily in social security tax and employee welfare due to the fact that more drivers would be eligible for the pension plan. However, Gray Line has not submitted any underlying documents to show the number of drivers to be employed or the payments to be made by Gray Line pursuant to the terms of the pension plan. Thus, the Commission is unable to accept this projection.

The cost of fuel is projected as increasing by 90.2 percent. Part of this increase is projected as resulting from the purchase of fuel required for commuter service. Gray Line has not submitted as part of the record a statement indicating how much fuel would be used in commuter service and the manner in which the determination of the quantity was made.

Gray Line submits that several expenses are revenue related and that increases would occur in each ranging from 2.2 percent to 32.3 percent. The relationship between each of these items and revenue is not indicated on the record. Thus, the Commission is unable to find that the projections are valid.

The licenses and gross receipts taxes expense is projected as increasing by 33.9 percent. Part of this increase is attributed to scheduled increases. The record contains no indication of the amount of scheduled increases and the Commission is unable to find that the projected amount is reasonable.

Gray Line's projection of future annual revenues was based on the average percentage increase for each of the various services. Gray Line calculated the average of the percentage increases as shown in Tables I, II and III, herein, and then increased the revenues for the historical period by approximately these amounts. These projections are not supported by the record.

Gray Line has assumed that the same number of passengers or groups would be transported in the future annual period as in the historical period. Although the number of passengers transported in per capita sightseeing operations and racetrack operations is contained in the record, there is neither an indication of the number of passengers which travelled on each of the tours nor a statement of the number of groups which chartered each of the several vehicles during the historical period. In view of Gray Line's proposal to increase fares by amounts ranging from 5.1 percent to 37.5 percent, the Commission is unable to determine whether the average percent increase is representative of each service or what the amount of revenues to be generated by each of the several operations would be.

The Commission is required to consider, among other things, the financial condition of the carrier, its revenue requirements, and whether the carrier is being operated economically and efficiently when deciding whether a proposed tariff should be suspended. See Compact, Title II, Article XII, Section 6(a)(1). The Commission has considered these factors and is of the

opinion that suspension of proposed WMATC Tariff No. 5 and WMATC Tariff No. 6 is appropriate. A hearing shall be scheduled for the purpose of developing a record for determining, among other things, whether the proposed rates are just, reasonable and not unduly preferential or unduly discriminatory either between riders or sections of the Metropolitan District.

In order that the Commission and any other person who may desire to be heard on the proposed tariff will have an opportunity to be aware of the evidence that Gray Line intends to submit to justify the proposed tariff, the Commission requires that all direct evidence be submitted in the form of prepared testimony and supporting exhibits on or before Thursday, April 25, 1974, in such manner that six (6) copies shall be filed with the Commission and one copy served on each party of record.

THEREFORE, IT IS ORDERED:

1. That The Gray Line, Inc., proposed WMATC Tariff No. 5 and WMATC Tariff No. 6, filed March 25, 1974, be, and they are hereby, suspended effective April 27, 1974, for a period of 90 days, through Friday, July 26, 1974, unless otherwise ordered.

2. That Application No. 833 of The Gray Line, Inc., be, and it is hereby, scheduled for public hearing to commence Tuesday, April 30, 1974, at 10:00 a.m., in the Hearing Room of the Commission, Room 314, 1625 Eye Street, N. W., Washington, D. C. 20006.

3. That applicant post notice in the form prescribed by the staff of the Commission of this application and hearing in all of its vehicles no later than Friday, April 19, 1974.

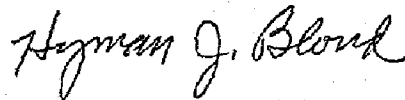
4. That applicant publish notice in the form prescribed by the staff of the Commission of this application and hearing in a newspaper of general circulation in the Metropolitan District no later than Friday, April 19, 1974.

5. That all direct evidence on behalf of The Gray Line, Inc., shall be submitted on or before Thursday, April 25, 1974,

in such manner that six (6) copies shall be received by the Commission and one copy served on each party of record, the original to be submitted at the hearing.

6. That any person desiring to protest or otherwise to be heard on this matter shall notify the Commission, in writing, on or before Thursday, April 25, 1974, and mail a copy of such notification to counsel fo record for The Gray Line, Inc., S. Harrison Kahn, Esquire, Suite 733 Investment Building, Washington, D. C. 20005.

BY DIRECTION OF THE COMMISSION:

A handwritten signature in cursive script, reading "Hyman J. Blond".

HYMAN J. BLOND
Executive Director